Cover California's Kids

EvaluationHighlights

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Monitoring the Expansion of Children's Health Initiatives in California

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Executive Summary

California has recently experienced a flurry of activity among counties that have decided to pursue the goal of universal coverage for children. With an estimated 782,000 children uninsured in California in 2003, counties throughout the state have independently expanded outreach activities for children eligible for Medi-Cal and Healthy Families, and created local health insurance products known as *Healthy Kids* programs to cover children in low-income families who are ineligible for existing public programs. From the first program that started in Santa Clara County in 2001, Healthy Kids programs have now emerged in 31 counties (17 of which are operational and 14 being planned) and have quickly enrolled more than 85,000 children, changing the insurance landscape for children in the state. This brief describes the experiences of and challenges faced by these innovative programs.

Introduction

During the past decade, California has experienced major changes in the financing of health insurance coverage for families. Increasing poverty rates nationally, downturns in employer-based coverage and rising immigration rates have influenced the proportion of state residents who have health insurance as well as how they receive coverage. The most prominent changes have occurred for children, where public program expansions have helped offset major decreases in employer-based coverage, resulting in an estimated net increase of 117,000 children who are insured between 2001 and 2003.[1]

While an estimated 8 percent (n=782,000) of children ages 0 to 18 years were uninsured in 2003, covering these children appears to be a goal within reach. An estimated two-thirds of uninsured children are already eligible for, but not enrolled in, existing programs such as Medi-Cal and Healthy Families.[2] For these children, the challenge is to expand outreach, simplify application processes and increase retention. The remaining one-third of uninsured children does not qualify for existing programs due to higher family income or, more commonly, undocumented immigration status.

These trends in coverage have fueled the momentum of local initiatives to cover the remaining uninsured children. While federal and state governments have restrictions on providing assistance to undocumented children and families,

California counties have shown progressive leadership in expanding outreach for existing programs and designing *new* insurance programs. An increasing number of counties are forming children's health initiatives (or CHIs) to expand coverage through several mechanisms,[3] but most frequently through comprehensive new health insurance products called *Healthy Kids*.

Today 17 counties are currently offering Healthy Kids coverage and 14 additional counties have programs in various stages of development. While CHIs across the state have brought together a broad cadre of supporters, nearly all have been met with at least some initial opposition from major stakeholders, and many continue to spend much of their time assembling in a piecemeal fashion the financial resources to sustain their operation.[4]

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Taken together, the CHIs have become a major child health policy movement in California. This brief report highlights the results of a first round of interviews with representatives of the local CHIs as part of an evaluation of The California Endowment's Covering California's Kids program. The report summarizes the status and progress of CHIs, leadership and composition of their coalitions, financing and sustainability and provider capacity.

Methods

Guided interviews were completed with representatives of each of the local CHIs during a four month period ending July 2005. Semi-structured interviews were completed with representatives from each CHI (n=28) excluding Napa, Placer and Sutter Counties, which had just begun planning. Respondents completed a follow-up questionnaire in January 2006.

Results

The Steady March to Universal Coverage

The CHIs began in Santa Clara County with a goal of assuring universal coverage for children. Most counties focus on two major aspects of achieving universal coverage: increasing outreach efforts to enroll uninsured children who are already eligible for Medi-Cal or Healthy Families, and developing a new insurance product (usually Healthy Kids) for children ineligible for these programs.

By January 2006, 17 out of 58 counties in the state had implemented a Healthy Kids program **(Figure 1)**. Even though the number of operational programs is small, they exist in counties that collectively have more than an estimated 65 percent of all uninsured children in the state.[5] Fourteen other counties are actively planning a CHI and some are developing a *regional* effort, for example aiming to unite Colusa, El Dorado, Placer, Sacramento, Sutter and Yuba Counties into a single Healthy Kids program.

Three additional counties have formed a CHI, but are covering children through a less-comprehensive *CaliforniaKids* program, a non-profit private insurance plan available statewide that offers primary care coverage and subsidized premiums to children who are not eligible for public coverage due to undocumented status or family income. Because this program does not cover inpatient care, however, some CHIs using CaliforniaKids are looking to offer a Healthy Kids program in the future.

Diversity of Coalition Leadership and Stakeholders

One of most consistent findings across CHIs is the importance of leadership and developing a broad coalition of stakeholders. In more than half of CHIs, the health department (26%) or a county First 5 organization (26%) is the convener. Managed care plans convene 14% of the CHIs statewide, assuring the availability of a health plan to offer coverage. Community-based organizations such as Fresno Metro Ministry, Family Action of Sonoma County and CAUSE in Ventura have also convened CHIs.

Figure 1: Children's Health Initiatives in California, January 2006

Overall, county health departments and child advocacy organizations are among the most common coalition participants, while representatives from medical groups and hospitals are less commonly involved. Three-quarters (76%) of CHIs reported that the health department participates, and county First 5 organizations are active in 60 percent of the CHIs. More than half (56%) of CHIs have community clinics or health centers represented, but hospitals (28%) and health plans (24%) each participate in only one-quarter of CHIs.

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Strategies for Outreach and Enrollment

CHIs have emphasized efficiency in outreach and enrollment via a single message: that all uninsured children are eligible for coverage, and "one open door" or "single point of entry" policies allowing children to be screened for Medi-Cal, Healthy Families and Healthy Kids simultaneously wherever they apply. This has helped to assure that children eligible for Medi-Cal and Healthy Families become enrolled. Some CHIs have reported enrolling up to two children in either

CHILDREN ENROLLED, WAITLISTED AND ELIGIBLE FOR OPERATIONAL CHIs, JANUARY 2006						
	Enrolled Children			Waitlisted Children [a]	Estimated Total Eligible	Enrolled as a Proportion of Total Eligible
CHI	0-5 Years	6-18 Years	Total	6-18 Years	0-18 Years	0-18 Years
Santa Clara	2,430	11,030	13,460	970	18,000	75%
San Francisco	780	3,400	4,180	0	5,000	84%
Riverside	2,460	4,620	7,080	2,370	17,000	42%
San Mateo	900	5,010	5,910	0	7,150	83%
San Bernardino	1,810	1,900	3,710	1,620	22,000	17%
Los Angeles	7,760	35,180	42,940	3,970	70,000	61%
San Joaquin	460	1,650	2,110	160	3,000	70%
Santa Cruz	320	1,440	1,760	0	2,300	77%
Kern	100	n/a	100	n/a	2,000	5%
San Luis Obispo	140	350	490	90	2,200	22%
Alameda	30	550	580	0	11,000	5%
Santa Barbara	50	130	180	0	4,000	5%
Tulare	0	0	0	930	6,800	0%
Fresno	30	70	100	0	8,550	1%
Solano	110	750	860	0	2,000	43%
Sonoma	340	1,360	1,700	100	2,700	63%
Yolo	10	40	50	0	2,350	2%
TOTAL	17,730	67,480	85,210	10,210	186,050	46%

Table 1: Children Enrolled, Waitlisted and Eligible for Operational CHIs, January 2006

Notes: Estimates are rounded to the nearest 10 except for total eligible children that are rounded to the nearest 50. Tulare noted that while they do not currently have a "waitlist" (rather they have an "interest list" of families that want to be contacted about the program), they estimated being able to enroll about 930 of these interested children in the first couple years of the program, provided that sufficient funding is available.
FPL = Federal Poverty Level
[a] No CHI reported a waitlist for children ages 0-5

Medi-Cal or Healthy Families for every one child that is enrolled in Healthy Kids.[6]

While funding for outreach and enrollment accounts for less than 15 percent of total CHI funding, a recent increase of more than $72 million for greater outreach and enrollment into Medi-Cal and Healthy Families in Gov. Arnord Schwarzenegger's proposed budget for California may help support these local efforts to enroll children.[7]

The most commonly reported strategy for enrolling eligible children in all three programs is through outreach in community clinics and health centers, reported by

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83 percent of CHIs. This has been termed "in-reach" by several CHIs, since these clinics often already serve many uninsured families. Schools are also a common setting for conducting outreach, reported by two-thirds (66%) of CHIs. Few reported completing applications on site at schools; more commonly, outreach workers make appointments or follow-up calls with interested

parents. One-third (33%) of CHIs reported outreach at community events, but only a handful (13%) of CHIs reported involving businesses.

Progress in Enrolling Children Eligible for Healthy Kids

Today, the 17 operational programs have enrolled more than 85,000 of the estimated 186,050 eligible children in these counties, reflecting 46 percent of eligible children **(Table 1)**. The Los Angeles Healthy Kids program, by far the largest CHI, enrolled almost 43,000 children in less than two years of operation, accounting for about two-thirds (61%) of the total estimated eligible children in the county. Other CHIs enrolled between 1 percent (Fresno, which had just started) and 83 percent (San Mateo) of their eligible children.

Some CHIs have had to cap their enrollments because of high program demand and limited funding. Most of the capped programs have formed waitlists so that as older children graduate from the program or children drop out, other children can be enrolled.[8] Among the 17 operational programs, seven had a waitlist with counts ranging from 90 children in San Luis Obispo to 3,970 in Los Angeles, totaling 10,210 children statewide. The waitlists are only for children ages 6-18 years, since funding from First 5 has been sufficient to cover all children ages 0-5 years that are eligible.

We estimate that it would require about $24.5 million (range: $19.6 to $29.4 million) additional premium dollars to move these children from the waitlist and into Healthy Kids through 2007.

Program Financing and Sustainability

Most counties have reported that the cost of covering one child is $80 to $120 per month. To offer coverage, each CHI must raise substantial funds, often from piecemeal sources. By June 2005 (the date specified in our financing analyses), 11 operational CHIs at the time had raised nearly $330 million. Most of the dollars (84%) were used to subsidize premiums. First 5 organizations accounted for 42 percent of the total funding, and health plans accounted for 27 percent despite only being reported in five CHIs. Philanthropies account for 12 percent of funding, while county funds (11%) and tobacco settlement funds (8%) account for most of the remaining dollars.

Based on the total costs of covering all currently enrolled and waitlisted children in the 17 operational CHIs through the end of 2007, we estimate a major potential shortfall of about $126 million (range: $89 to $164 million) in available premium funding for children ages 6-18 years **(see Table 2)**. However, we also expect a very slight surplus in premium funds for children ages 0-5 years. This surplus would allow for

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the expected growth in enrollment among children in this age group and cannot be used to offset the deficit in the older age group. Thus, without substantial increases in funding, CHIs may have to discontinue coverage for some or many of the 85,000 children currently enrolled, and would not be able to move the 10,000 children currently on a waitlist into coverage.

Difficulties with Provider Capacity

Since most CHIs have selected health plans with existing Medi-Cal and Healthy Families provider networks to serve Healthy Kids enrollees, the impact of

ESTIMATED FUNDING REQUIRED TO SUSTAIN OPERATIONAL CHIs AT CURRENT CAPACITY FROM JANUARY 2006 THROUGH DECEMBER 2007		
	Children Ages 0-5	Children Ages 6-18
A. Total Children	**17,730**	**77,690**
Total Children Currently Enrolled	17,730	67,480
Total Children Waitlisted	–	10,210
B. Estimated Child Two-Year Premiums[1]		
Low = $960/year x 2 yrs	$34,041,600	$149,164,800
Avg = $1200/year x 2 yrs	$42,552,000	$186,456,000
High = $1440/year x 2 yrs	$51,062,400	$223,747,200
C. Committed Two-Year Premium Funding[2]	$58,729,380	$60,080,890
D. Estimated Gap in Two-Year Funding[3]		
Min Difference	+$24,687,780	-$89,083,910
Avg Difference	**+$16,177,380**	**-$126,375,110**
Max Difference	+$7,666,980	-$163,666,310

Table 2: Estimated Funding Required to Sustain Operational CHIs at Current Capacity from January 2006 through December 2007

[1] Based on the approximate range of monthly premium costs reported by the CHIs.
[2] Estimated based on all reported premium funding by the CHIs for FY2006. Because funding data was not yet fully available from all counties for 2007 (e.g., county tobacco settlement funds may have been committed but require annual renewal in some counties), this analysis assumed that FY2007 funding would remain approximately the same (but no larger) as that reported for FY2006.
[3] Calculated by subtracting Row C (committed funding) from the rows of Section B (funding required).
Note: These estimates do not include Napa.

the new CHI enrollments on provider capacity has been minimal. Rather, most CHIs have reported existing problems with capacity that have the potential to be magnified somewhat by the increase in insured children.

More than half (57%) of the CHIs reported difficulties with provider capacity. The most common problem reported was with the willingness of providers to participate in Medi-Cal, Healthy Families and Healthy Kids **(Figure 2)**, but geographic availability of providers was an issue for smaller rural counties. These capacity problems are commonly reported for pediatric specialists and primary care providers (each reported by 36 percent of CHIs), and 14 percent of CHIs reported problems with dental capacity.

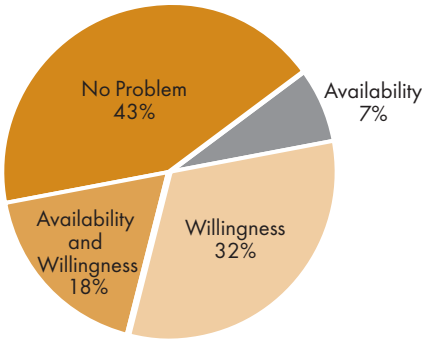

Figure 2: Percentage of CHIs Reporting Issues with Provider Capacity
(n=28)

Future Issues

The progress of California counties in expanding insurance coverage is a model of how local coalitions can accomplish progressive health policy reform. While Healthy Kids programs have reduced the number of uninsured children in the short-term, there are several major issues that remain:

Sustainability. Most CHIs have encountered (or will soon encounter) problems with sustainability, particularly for older children. While several legislative and other initiatives have been proposed to fund the CHIs, there is no guarantee that stable funding will arrive for CHIs before funds are exhausted.

Provider Capacity. More than half of CHIs reported problems with provider capacity. While this is not unique to Healthy Kids, without adequate primary, specialty and dental care capacity, insured children may not access needed services. Exploration of ways to increase provider availability and willingness to participate is essential.

Retention and Quality. Since Healthy Kids serves many undocumented children (a highly underserved and mobile population), monitoring retention in the program and understanding how services are delivered longitudinally will be important, especially for children with developmental problems or chronic conditions.

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